



NCMA

**Small Business
Prosperity and Evaluation
*May 2004***

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Can a Small Business Prosper in a Rapidly Changing Environment?

❧ “Business will change more in the next ten years than in the past 50.”

❧ Bill Gates

❧ “There’s more confusion today than at any point in the history of the technology business.”

❧ Washington Post

- ❧ Some first-hand experiences.
- ❧ Help you understand the roles and responsibilities of being a small business owner.
- ❧ There's a **LOT** more to being successful than just getting a business started.

Small Businesses Drive the Economy

Plus Factors

- ❧ Small Business Account for:
 - ❧ 94% of all businesses
 - ❧ 93% of employees
 - ❧ 83% of GNP
- ❧ Known for innovation, responsiveness, and low overhead

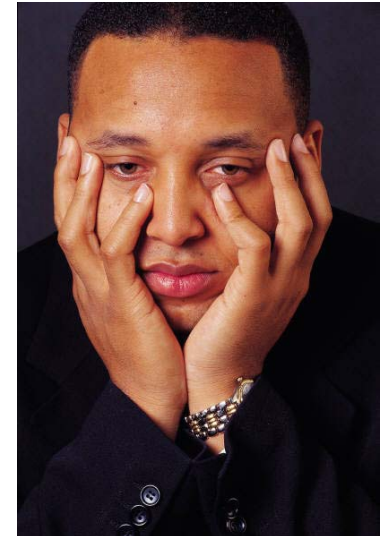
Negative Factors

- ❧ Lack of infrastructure
- ❧ Lack of Capital
- ❧ Entrepreneurial spirit leads firms to take on more than can be achieved in a quality and profitable manner

Why Small Business Eval Criteria

- ❧ Small Businesses (SB) are not small versions of large businesses
 - ❧ They are an entirely different type of entity
 - ❧ Over 70% of new businesses fail within the first 3 years
- ❧ Source Selection needs to include the foundation tenets for success

- ❧ When a business that has a government contract fails it has far-reaching implications
 - ❧ Government agency and program office
 - ❧ The entire Small Business Community (SBC)
 - ❧ The specific Small Business
- ❧ Failure of a small business to perform is long remembered
- ❧ Impacts the next generation of SB firms



The basic ingredients required in a successful business:

1. People
2. Business Plan
3. Line of Credit
4. Process and Procedures



❧ President / CEO

- ❧ Commitment and Expertise

❧ Solid Management Team

❧ Benefits Package

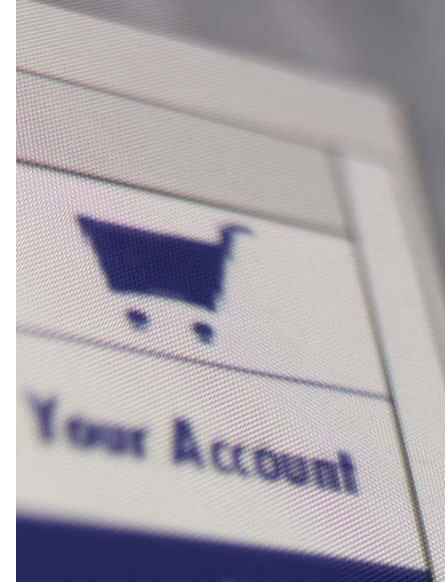
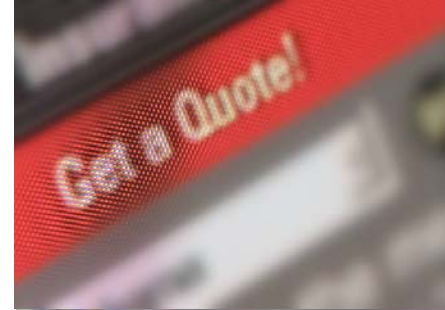
- ❧ Without a solid benefits package no firm will be able to retain staff



2. Business Plan

- ❧ What is the strategic direction for the firm. If the P/CEO has not developed a business plan, nor can they articulate a Corporate Business vision, they are not a viable business.
- ❧ Proverbs
 - ❧ An old Indian quote “When you don’t know where you are going, any path will take you there.”
 - ❧ Biblical Proverb “For waging war you need guidance and for victory many advisors.”
 - ❧ Secular “A ship without a rudder runs in circles,” unknown.

- ❧ Today's web page is the equivalent of yesterday's storefront window.
 - ❧ Visit the prospective firm's web site.
 - ❧ Does it convey a professionally image?
 - ❧ Is it clear and well maintained?
 - ❧ Does it agree with the firms marketing pitch?
- ❧ Note: Most major programs require a contractor hosted web page to market and/or to support the project.



3. Line of Credit

- ❧ Firms must have a LOC to support:
 - ❧ Current work
 - ❧ First 90 days of any new contracts
- ❧ Neither the Government nor the Prime is responsible for being the Small Business's banker



- ❧ Contract – real life time line
 - ❧ Pre RFP stage: 1 year
 - ❧ RFP draft then final: 6 months
 - ❧ Proposal development and submission: 45-60 days
 - ❧ Clarifications and BAFO: 45-60 days
 - ❧ Award: work starts in 30 days
 - ❧ First invoice sent: 30 days later
 - ❧ First payment received: 60-90 days after award
(if there are no invoice problems)
- ❧ Time line 2+ years - based on award
- ❧ Cost in B&P \$ 250-500k
- ❧ Start up costs \$ TBD



Multi-Year Marketing DSTS-G

- ❧ 1991 Small subcontract from Navy
- ❧ 1992 Sub to Loral on CSCI Study
- ❧ 1994/1995 Sub to AT&T on CSCI project
(full and open, lost bid, monitored contract)
- ❧ 1999 Battle Plans implemented for small
business set-aside, Pre-RFP
- ❧ 2000 RFP stage – 1 YEAR
- ❧ **2001 Award – VICTORY!**

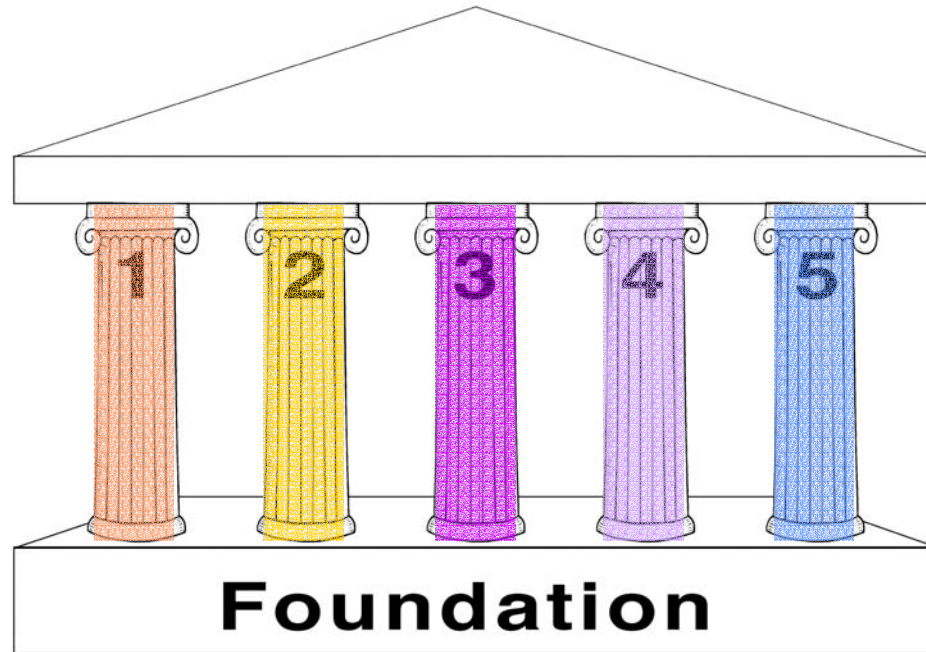


4. Process and Procedures

- ❧ In-place roles and responsibilities for key personnel. ISO for mature firms.
- ❧ Documented work flow for **HOW** the work will be accomplished, Ex:
 - ❧ Program Management
 - ❧ Help Desk and Trouble Tickets
 - ❧ Software QC



5 Tenets of Building a Business



- 1– Critical Mass**
- 2– Distinctive Service**
- 3– Teamwork**
- 4– Industry Specialization**
- 5– Marketing Oriented**

❧ Small firms actually have advantages

- ❧ Less capital invested in obsolete equipment.
- ❧ Fewer organizational levels for fast decision process.
- ❧ Greater commitment to meet clients expectations.

- ❧ Award based on stated criteria
- ❧ Do not accept low ball bids
 - ❧ Then state that the low bid was in the best interest of the government
 - ❧ Both government and industry should have to live with low ball FFP bids
- ❧ Need to discourage those seeking to buy in. It is the government PMO that ultimately loses.

- ❧ It has never been easier to go into business
 - ❧ A good computer costs less than \$1000
 - ❧ The web reaches the far corners of the earth

but
- ❧ Long-term successes depends on
 - ❧ Management team
 - ❧ Targeted marketing
 - ❧ Sufficient LOC to stay afloat

and
- ❧ Getting along with the Contract Officers